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CALFED Restoration Coordination Program Review and Analysis

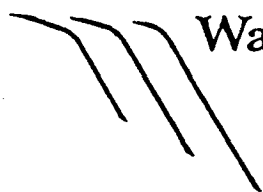
Prepared For:

Mr. Lester Snow

Executive Director, CALFED Bay Delta Program

By:

Donald R. Glaser, Principal



Water Consult

Engineering and Planning Consultants

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SCOPE OF WORK

This report is prepared at the request of Lester Snow, Executive Director to the CALFED Bay Delta Program. The purpose of this report is to document the findings of an analysis of the effectiveness of the Restoration Coordination Program. This document will include the major observations made and most significant conclusions reached. The observations and conclusions are the result of attendance at numerous internal CALFED meetings, as well as meetings with stakeholders. A broad cross section of CALFED staff was interviewed, including outside support staff, and a representative group of stakeholder interests. In addition, numerous hours were spent with CALFED restoration program managers, acquiring a good understanding of the methods and processes employed by the staff. It was not possible to interview every individual who had knowledge of, or interest in, the CALFED restoration program. That would represent an inexhaustible pool of individuals.

APPROACH TO STUDY

The purpose of the review was to "... identify effective, cost efficient methods and processes for monitoring the schedule, budget, and tasks of each contract; communicating with grant recipients; and providing a programmatic review of the activities of the Restoration Coordination Program." With this in mind, the analysis was designed to begin with the broad view moving to the specific. The basic approach was to evaluate the program in the following order:

Program formulation - Determine how the overall Restoration Coordination Program is structured, how it fits into the long-term CALFED program, and how this leads to the selection of projects for the annual work plan.

Contract development, award, and administration - Review the contracting process from contract development through administration, with consideration for sufficiency, efficiency, and effectiveness. This includes budget preparation, tracking fund obligations, and accounting for expenditures.

Monitoring project effectiveness - Review of monitoring program from the overall perspective of program accomplishment, as well as contract requirement.

Reporting - Review both the fiscal and programmatic aspects of program accomplishment, including the contract requirements for recipient reporting.

Stakeholder involvement - Review stakeholder processes to assure they are efficient and effective.

Staffing requirements and other staffing related issues - Review the staffing levels and issues affecting staff efficiency and effectiveness to assure integrity of program, and effectiveness of staff.

Other issues - This includes effectiveness of coordination efforts with other state and federal agencies involved with CALFED, long-term management of restoration contracts given undefined nature of CALFED, interface with long-term CALFED effort, and the nature of a semi-permanent entity to oversee long term program.

This approach was developed based on the belief that the program, including program processes need to be defined before establishing the appropriate organizational arrangements and staffing levels required to administer the program. Given the fairly broad nature of the assignment, and the very dynamic nature of the CALFED program, the following analysis takes the form of a broad overview.

This report is formatted based upon the approach to the analysis, as stated above. The observations and conclusions are presented by topic area and followed with a recommendations section.

RESTORATION COORDINATION PROGRAM

The Restoration Coordination Program, an initial stage of the Ecosystem Restoration Program, was established as a three year program to initiate important ecosystem restoration activities that would be included in any future CALFED restoration effort. These activities would include actions which have broad support and are generally agreed to be important steps towards achieving ecosystem restoration goals. Implementation of the Restoration Coordination program has allowed progress to be made toward ecosystem goals while the preferred alternative is selected and the long-range Ecosystem Restoration Program is developed .

The Restoration Coordination Program also supports the Ecosystem Roundtable, a subgroup of the Bay-Delta Advisory Council. The Ecosystem Roundtable's mission is to provide stakeholder input on the coordination of existing and anticipated state and federal ecosystem restoration and management programs. This will be done in a manner that fosters cooperative planning and implementation with all agencies and stakeholders, that addresses high priority environmental needs, and that informs future restoration efforts.

OBSERVATIONS, CONCLUSIONS, AND RECOMMENDATIONS

General observations - The CALFED program is truly impressive in both scope and magnitude. When one looks at what has been accomplished in the past three years associated with this overall effort, it is truly incredible. It is a program that is so bold in vision and moving at such incredible speed by institutional standards that it is vulnerable to minor mishaps. This report attempts to point out some of those vulnerabilities. However, this is done with reluctance, given the great respect owed the individuals who are involved in this program, and their achievements to date. This document should be viewed as constructive criticism and read in the context of a tremendous respect for all those involved in this effort, including CALFED staff, stakeholders, and state and federal support staff.

PROGRAM FORMULATION

The discussion of program formulation will be limited to those areas that reflect directly on the subject areas to follow. This is due to the fact that the FY 99 program is essentially determined. It represents the third and final year of restoration activities being carried out under the direction of the Restoration Coordination Program.

The formulation of activities for FY 97, FY 98, and FY 99 budget years was a large, demanding staff-intensive activity. Even given the fact that these activities enjoyed historic support by most interests, documenting and presenting them to the stakeholders in a timely fashion was challenging. This is particularly true given the fact that the CALFED staff was newly configured, generally on loan, and operating in an unstructured institutional environment. They were building their operational climate

at the same time they were building the Restoration Coordination program in a new consensus environment. They did a remarkable job, given the climate. It helped that the first year's program comprised activities that were well understood and enjoyed general support. Taking the three years together, it is much more difficult to assure the activities are appropriately spread across the program spectrum, and to understand how they fit into Stage I of the longer term Ecosystem Restoration Program.

Attention should now be directed to the transition of this early implementation program into the Stage I program. This transition will be enhanced by good documentation. The individual activities are laid out fairly well in the Request for Proposals. The program objectives or program priorities for each fiscal year are also documented. However, they should be tied together over the three-year period and into the Stage I program as a matter of documentation. This will help NEPA/CEQA documentation requirements and provide a clear view of where the early initiated activities fit in the more long-term program.

Recommendations

- Significant attention needs to be paid to documentation and files. A very large public record has been created in the area of program formulation and should become part of the permanent record.
- Documentation should be developed that ties the FY 97, FY 98, and FY 99 program priorities together and relate them to the Stage I program objectives.
- Documentation should be developed that collectively explains the range and nature of the project activities over FY 97, FY 98, and FY 99 budget years, and ties them to the program priorities for those years and the program objectives for Stage I.
- A lesson learned in the formulation of the program over these three years is the difficulty of keeping stakeholders involved meaningfully and meeting difficult time lines. As the program moves into Stage I activities, this involvement will become more important. The CALFED

staff must develop a well understood and supported process for this stakeholder involvement and start that process early. This is particularly true with regards to the role of the Ecosystem Roundtable.

CONTRACT DEVELOPMENT, AWARD, AND ADMINISTRATION

This is an area of program activity that is extremely vulnerable to mishap. Such is the nature of contracting activities in any large institution. CALFED is particularly vulnerable in this area for the following reasons:

- This is a new organizational climate without well-established processes and procedures.
- It is an organization that functions on borrowed staff.
- The staff may not always have a contracting background.
- There has been a high turnover among CALFED contracting staff.
- Many contracts are under the administrative control of a non state entity, the National Fish and Wildlife Foundation (NFWF).
- There is a fairly high contract case load, given turn over and unstaffed positions.

Contract files administered by CALFED staff, as well as NFWF staff were reviewed. This included review of the contract documents themselves. The contract instruments were generally adequate. The standard articles and contract form do not appear overly burdensome and have been deliberated at some length with state staff with respect to their applicability to the CALFED program. Issues on contract form and standard articles will come up from time to time, and it is recommended that they be addressed when they arise, as opposed to a matter of policy. Two areas addressed in the contracts that appear to be problematic are reporting requirements and monitoring. These areas were not resolved when initial contracts were awarded and may be troublesome to clarify with ongoing contracts.

Staffing of the contract program has been a problem to date. There has been a regular turn over in this area. This makes it difficult to develop good contracting procedures and can affect the adequacy of documentation. This is complicated by the responsibility the CALFED contract specialist has for

the NFWF contract. Further, being a one person activity, there is little back up in the event of turnover, illness, or vacation time.

The use of NFWF to manage the private recipient contracts is an example of the uniqueness of the CALFED program. It is refreshing to see institutions that can think outside of the box. It does, however, add an element of complexity and risk to the contracting program. NFWF has hired competent staff and has not experienced the turnover that CALFED has. Ironically, this seems to add to the stability to this program. The current staff in the State Attorney General's office appears very competent, service minded, and interested in the CALFED program, adding a further element of stability to this process.

In summary, this is an area that warrants significant attention given its very legal and procedural nature. It warrants a more careful review than given here by someone more qualified in state contracts law and procedures. The individuals who have worked in this program on the CALFED staff, at NFWF, and in the state supporting offices have done a good job and deserve to be commended.

Recommendations:

- CALFED management should engage the services of a seasoned and open-minded state contracting staffer to perform an in-depth review of this program and the associated contract files for legal sufficiency. The results of this review should be for CALFED management use to make contracting improvements.
- Assign one contract administrator the responsibility to administer the CALFED awarded contracts and assign the oversight of the NFWF contract activity to someone else. This will become a workload issue if it is not already.
- CALFED must find a way to reduce the turn over in the contracting position. The division of CALFED contracts from NFWF oversight should help the manageability of this workload and possibly reduce staff turnover.

MONITORING AND REPORTING PROJECT EFFECTIVENESS

Monitoring and reporting project effectiveness generally falls into two categories. The first deals with issues associated with funding. This is generally a budget and accounting issue with the interest focused on fund management. Appropriation staff at both the state and federal level will be greatly interested in how effectively CALFED expends available funds. This is an area where the program may get caught between the interest to make early and significant progress on restoration efforts and the ability to formulate projects, award contracts, and expend funds on these tight time lines. It will also be challenging to gather fiscal information from contractors, accumulate and present the information in a meaningful manner, and repeat this on a reasonable recurring basis. It is essential that this be done. Further, it must be remembered that it is not enough to obligate the funds. There needs to be meaningful expenditures within reasonable time frames that result in measurable habitat restoration results.

Another aspect of the fiscal issue is associated with accomplishing the contract objectives within assigned dollar amounts. Many of these contracts are for activities in a more uncertain work environment. Work associated with habitat restoration is often more challenging and less predictable than typical civil works. It is not difficult to imagine many of these contracts exceeding contract amounts. This is an issue that should be considered now.

To a great extent, the fiscal aspects of program performance is all about managing expectations. The individuals who make the money available up and down the line do not like surprises. Clear advice of realistic program needs, information about program performance throughout the fiscal year, and good reporting needs to be provided. The same applies to the stakeholder groups. These relationships do not appear to be fully developed. Of particular interest is the absence of a strong, ongoing working relationship between CALFED Restoration Coordination Program staff and the state and federal budget and appropriations staff.

The second aspect of monitoring relates to the actual ecological improvements associated with contracted activities. Not surprisingly, clearly defined monitoring requirements for each contract

activity lagged somewhat behind the award of individual contracts. Shortly, CALFED is going to be asked what ecological progress has been made for the money that has been spent. The answer to that questions needs to be carefully formulated before it is asked and must be supported by the ongoing monitoring efforts.

Some very capable individuals are working on both the short-term and long-term monitoring programs. Oversight of these efforts bears careful attention. My concern is that the question is asked before the answers are available and the answers may be very unsatisfying to the questioners. To the extent that they can influence the financial viability of the program, this is a critical concern.

Again, this is about setting clear expectations, sending a consistent message, and providing timely reporting of results.

Recommendations:

- CALFED must bring to immediate closure the format for displaying the status of the Restoration Program in financial terms. It must be a format that satisfies the needs of the state and federal appropriators, the responsible state and federal agencies, and the stakeholders' interests. These reporting requirements must then be made consistent with contractor requirements.
- Be continuously reasonable in funding requests.
- Keep all interests well informed throughout the fiscal year. Make regular visits when you are not asking for money, and when it is convenient for them, in an effort to keep them informed and to build relationships.
- Get closure on reporting needs with stakeholders and assure its consistency with appropriators' needs.
- Assure that each contract has a clearly articulated monitoring program and that these monitoring efforts fit within long term monitoring strategy.

- Assure that all interests have a clear understanding and reasonable expectations as it relates to progress associated with habitat and species recovery.
- Continue Comprehensive Monitoring, Assessment & Research Program briefings at the local level with stakeholder groups. Develop a condensed version and take it to the higher level agency and appropriations staff.

STAKEHOLDER INVOLVEMENT

The stakeholder processes developed as part of the CALFED effort are really quite impressive. They strike a fairly effective balance between genuine stakeholder input and the need to have efficient processes leading to program accomplishment. The comments here are directed to the Ecosystem Roundtable effort and the stakeholder interaction that occurs at the staff level associated with selection and monitoring.

The involvement of stakeholders in project selection and monitoring criteria development at the staff level is exemplary. It is clear the stakeholder interests play a critical and interactive role at the formulation stage. It is also quite remarkable that such diverse groups of informed individuals can be responsive to such tight time lines. This is a tribute to the CALFED staff, the processes, and the stakeholder interests. Portions of this activity are worth modeling in other regions of the country. There is not much to add to these staff level efforts, but to encourage all participants to strive for continual improvement.

The Ecosystem Roundtable is somewhat different. At the time of review, meetings were less than fully effective. There was limited attendance by appointed members. The agendas were typically too full for the time allotted, and the material to be used in the meeting did not get out early enough. Some members had not read the meeting material which could be attributed to the lateness of the material. Some appointed members believed that their involvement is not always meaningful. This less than fully meaningful involvement was cited as a reason for poor attendance and seemed to exist for several reasons.

The time allowed in the process does not always provide an opportunity for meaningful input by Roundtable members. An example of this was the presentation of the staff recommended project activities from the FY 98 Request for Proposals. This was a lengthy document encompassing many projects. It went to the Ecosystem Roundtable members only a few days before the meeting, and there was insufficient time for meaningful discussion at the meeting. The evaluation teams were not present to discuss their evaluation of proposed projects with roundtable members and the policy team was deliberating this the following day. Also, only a limited number of roundtable members were at the meeting.

To some extent, this lack of meeting maturity is a natural by-product of the very nature of the CALFED organization. CALFED is a program that is growing quickly without permanently assigned staff. There is a genuine effort to involve stakeholders at each level of discussion. Often it is presumed that involvement of stakeholders at one level implies informed buy off at another. In the example of the evaluation of the FY 98 Request for Proposals, stakeholders were involved at the staff level in the evaluation of the proposals that were recommended for funding. There was some expectation on the part of the CALFED staff that discussions would occur in the different stakeholder groups and there would be general support for the package. Although this appeared to generally be the case, a more substantive discussion at the Roundtable meeting is needed. This is a process problem which appears to result from tight time lines and limited staffing. The staff is already working on correcting this and has realized significant improvement.

Recommendations:

- Keep up the good work involving stakeholders in the staff level processes, be it project selection or monitoring criteria.
- Continue to focus on improving the Ecosystem Roundtable meeting by:
 - 1) Ensure better stakeholder attendance.

- 2) Establish reasonable agendas for meetings. Use conference calls on a more frequent basis to deal with small items.
- 3) Use workshop format for very lengthy subjects. Expect attendance by only those members who have an in depth interest. Provide a summarized version at the formal Ecosystem Roundtable meeting.
- 4) Get material out early with proposed agenda.
- 5) Encourage all members to arrive at meetings informed, including having read material and discussed with involved staff.
- 6) Assure that input from roundtable members is used in a meaningful manner in subsequent decisions by the Policy Team or CALFED staff.

STAFFING REQUIREMENTS AND OTHER STAFFING RELATED ISSUES

During the time of this review, the Executive Director for the CALFED program initiated a new organization structure for CALFED. This was transmitted to all staff by a memorandum dated July 1, 1998. The actions taken in this reorganization will begin to address some of the issues raised earlier in this document. The reorganization establishes a Deputy Director for Ecosystem and Restoration Planning. The establishment of this position should allow much of the outreach to agency and appropriations staff to be achieved by this individual, freeing up the head of the Early Ecosystem Implementation Branch to focus on program management, including contract administration. There are five positions assigned to this branch in addition to the head. This number appears about right, given certain other actions being taken. First and foremost, the positions need to be filled and the constant turn over minimized. That will require making work in this area more attractive. Some of the uncertainty associated with CALFED, the entity, will remain until a decision is made on the long term entity to manage the Ecosystem Restoration Program. However, the positions in this branch can be made more comfortable by more clearly defining the responsibilities of each position and reducing the work load to a more manageable level. Reduction in work load will occur through two

means, one naturally occurring and one a result of management decision. As the program matures, the work will tend to fall into more predictable patterns, and becomes more manageable. It appears the branch is beginning to experience this. This tends to be self-improving. The second requires a management action. CALFED management needs to get the assigned position filled and group the work into manageable units. Further, the staff needs to be managed as a team with more understanding of each other's function. Individuals with contract background and interest need to be used to administer the contracts. The establishment of the Deputy Director will allow some policy and outreach work to be delegated up from the branch head, allowing more time to run the early implementation program. Also, the Deputy can take on coordination of the federal restoration programs, something now sorely lacking. Separating the CALFED administered contract under one contract specialist, with NFWF oversight under another staff, will also help both the manageability and integrity of your contract program.

Recommendations:

- Get all positions filled as quickly as possible, including the Deputy Director.
- Clearly define the duties of each position.
- Assign federal program coordination and funding outreach to the Deputy.
- Assign all CALFED contracts to one contract specialist.
- Assign NFWF contracts to a separate staff.
- Cross train staff in several functional areas.
- Take care of CALFED staff needs, they are your most important asset.
- After all positions are filled, reevaluate staffing levels after three months to assure equitable and logical distribution of work and adequacy of staffing level.

OTHER ISSUES

During the review, several related issues were identified that have a significant effect on the Restoration Coordination Program. There seems to be a genuine coordination void between CALFED and the other federal and state agencies carrying out restoration efforts in the Sacramento, San Joaquin, Bay-Delta basin. This seems to be the result of a lack of time by the Restoration Coordination staff and a lack of interest by the agency staff. Although this behavior varies from agency to agency, it undermines, to some extent, the value and nature of the CALFED process.

A related issue that undermines the success of the CALFED program is the uncertain nature of the entity that will oversee the Restoration Program in the future. Stage I of the Ecosystem Restoration Program begins as early as next year and the entity to manage this landmark program is yet to be decided. This also contributes to an uncertainty of how the early implementation program will be managed and how it translates to Stage I.

In closing, I would like to thank the individuals I interviewed for their time and candor. Most of the above are their thoughts, not mine. If there is any value to the product, it is due to their input. To the extent it falls short, it is due to my inadequacy in capturing their thinking. I would like to thank the staff for their support. They are truly a pleasure to work with. More importantly, I would like to thank them for the dedication and skill they bring to this important process. Be proud of them.